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ST. TAMMANY PARISH LIBRARY

Annual Financial Statements

December 31, 2009

For provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/21/10

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Independent Auditor's Report

To the Board of Control
St. Tammany Parish Library

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Library (the Library), a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Library as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2010, on our consideration of the St. Tammany Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has elected to omit the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

May 18, 2010

**BASIC FINANCIAL STATEMENTS
GOVERNMENT WIDE FINANCIAL STATEMENTS**

ST. TAMMANY PARISH LIBRARY
Statement of Net Assets
December 31, 2009

	Governmental Activities
Assets	
Cash	\$ 1,220,225
Investments	2,998,760
Intergovernmental Receivable - Ad Valorem, Net	7,299,643
Intergovernmental Receivable - Revenue Sharing	220,984
Other Receivables	2,208
Deposits	1,981
Capital Assets, Net of Accumulated Depreciation	<u>1,826,018</u>
Total Assets	<u>13,569,819</u>
Liabilities	
Accounts Payable	28,936
Accrued Salaries	275,496
Claims Payable	5,134
Compensated Absences	<u>270,327</u>
Total Liabilities	<u>579,893</u>
Net Assets	
Invested in Capital Assets	1,826,018
Unrestricted	<u>11,163,908</u>
Total Net Assets	<u><u>\$ 12,989,926</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Library	\$ 7,042,299	\$ 160,830	\$ 53,102	\$ (6,828,367)
General Revenues				
Intergovernmental Revenue - Ad Valorem				7,211,432
Intergovernmental Revenue - State Revenue Sharing				207,879
Miscellaneous				38,927
Earnings on Investments				32,829
Total General Revenues				<u>7,491,067</u>
Change in Net Assets				662,700
Net Assets, Beginning of Year				<u>12,327,226</u>
Net Assets, End of Year				<u><u>\$ 12,989,926</u></u>

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND**

ST. TAMMANY PARISH LIBRARY
Balance Sheet
Governmental Fund
December 31, 2009

	General Fund
Assets	
Cash	\$ 1,220,225
Investments	2,998,760
Intergovernmental Receivable - Ad Valorem, Net	7,299,643
Intergovernmental Receivable - Revenue Sharing	220,984
Other Receivables	2,208
Deposits	<u>1,981</u>
Total Assets	<u><u>11,743,801</u></u>
Liabilities	
Accounts Payable	28,936
Accrued Payroll Expenses	275,496
Claims Payable	<u>5,134</u>
Total Liabilities	<u>309,566</u>
Fund Balance	
Fund Balance	
Unreserved, Undesignated	<u>11,434,235</u>
Total Fund Balance	<u>11,434,235</u>
Total Liabilities and Fund Balance	<u><u>11,743,801</u></u>
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	
Total Fund Balance	11,434,235
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,826,018
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(270,327)</u>
Net Assets of Governmental Activities	<u><u>\$ 12,989,926</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Year Ended December 31, 2009

	General Fund
Revenues	
Intergovernmental Revenue - Ad Valorem	\$ 7,211,432
Intergovernmental Revenue - State Revenue Sharing	207,879
Fines and Fees	160,830
Miscellaneous	38,927
Earnings on Investments	32,829
Grants	29,484
Donations	<u>23,618</u>
Total Revenues	<u>7,704,999</u>
Expenditures	
Library	
Personnel Services	4,117,438
Operating Services	1,890,353
Capital Outlay	<u>1,165,445</u>
Total Expenditures	<u>7,173,236</u>
Net Change in Fund Balance	531,763
Fund Balance, Beginning of Year	<u>10,902,472</u>
Fund Balance, End of Year	<u><u>\$ 11,434,235</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance of Governmental Fund to the
Statement of Activities
For the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Fund	\$ 531,763
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	103,898
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Change in Compensated Absences Payable	<u>27,039</u>
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Change in Net Assets of Governmental Activities	<u>\$ 662,700</u>
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the St. Tammany Parish Library (the Library) conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

Reporting Entity

The Library was established by the St. Tammany Parish (the Parish) governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library is governed by a Board of Control (the Board), which is appointed by the St. Tammany Parish Council (the Council). Effective January 1, 1989, the administrative and accounting functions for the Library were transferred to the Board of Control under the provisions of Louisiana Revised Statute (LRS) 25:215(b)(9); these functions were previously provided by the Parish. During 2009, the Library maintained twelve branches and an administrative facility, which provide citizens of the Parish access to library materials, books, magazines, compact discs, films and the Internet.

As the governing authority of the Parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Library is a component unit of the Parish because the Council appoints all members of the Library and, as such, is financially accountable for the Library. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Library's basic financial statements include both government-wide and fund financial statements. The Library currently has only one fund, the general fund, which is reported as a governmental activity.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on the governmental activities using the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities demonstrates the degree to which the direct expenses of the Library's primary function are offset by program revenues. Direct expenses are those that are clearly identifiable to the library program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the library program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the library program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Library or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The general fund is the primary operating, and sole, fund of the Library. It accounts for all the financial transactions and is classified as a governmental fund type. The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position rather than upon net income.

Measurement Focus / Basis of Accounting

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Ad valorem taxes are recognized in the year for which they are levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements are presented on the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on any general long-term debt, which would be recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budget and Budgetary Accounting

The Board adopted a budget for the general fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end. The general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Library amended its budget during 2009. These amendments are reflected in the budget comparison schedule of this report.

Cash, Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Library may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, or as cash equivalents if the original maturities are 90 days or less. Investments are stated at fair market value. Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables

Receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts is \$395,831, which represents 5% of the total ad valorem tax receivable at December 31, 2009. This estimate is based on the Library's history of collections within this revenue stream.

Capital Assets

Capital assets, which include property, vehicles, furniture and equipment, computers, and building improvements, are reported in the government-wide financial statements. Capital assets are recorded at historical costs, or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation of all exhaustible capital assets is charged as an expense against their operations. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Library capitalizes equipment in excess of \$2,500 and improvements in excess of \$25,000. The Library capitalizes all books and other items except for periodicals and reference materials. The following estimated useful lives and methods are used to compute depreciation:

Books	5 Years	Straight Line
Vehicles	5 Years	Straight Line
Furniture and Equipment	10 Years	Straight Line
Computers	5 Years	Straight Line
Building Improvements	20 Years	Straight Line

Depreciation expense amounted to \$703,811 for the year ended December 31, 2009.

Compensated Absences

The Library's policy allows employees to accumulate unused vacation and sick leave on an unlimited basis. Employees earn annual vacation leave and sick leave based on the number of years of service:

Years of Service	Annual Time Earned	
	Vacation	Sick
1 to 15 Years	15 Days	12.5 Days
> 15 Years	20 Days	12.5 Days

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

Upon termination of service, employees are entitled to be paid for any unused vacation leave and one-third of the accumulated sick leave. The remainder of the sick leave is forfeited upon termination, but will be paid only upon illness while in the employ of the Library. The non-current portion (amounts estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net assets, and represents a reconciling item between the fund and government-wide presentations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

Government-wide fund net assets are divided into three components:

1. *Invested in capital assets, net of related debt* - consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Unrestricted net assets* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
3. *Restricted net assets* - net assets with constraints placed on the use either by:
 - a. External groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.

Governmental fund balances are reported as "reserved" when the balances are not available for appropriation or expenditure or because they are legally segregated for a specific future use. The remaining balances are unreserved fund balances.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to apply restricted net assets first.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2009:

Demand Deposits	<u>\$ 1,220,255</u>
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These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of December 31, 2009, \$1,095,419 of the District's bank balance totaling \$1,345,419 was exposed to custodial credit risk. \$250,000 of deposits was secured by federal deposit insurance coverage, which was not exposed to custodial credit risk. The remaining deposits, which were exposed to custodial credit risk, were secured by the pledge of securities owned by the fiscal bank.

Note 3. Investments

As of December 31, 2009, the Library had the following investments:

Investment Type	Fair Value	Investment Maturity (In Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. Treasury Bills	\$2,998,760	<u>\$2,998,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Risk. The investment security listed above is rated AAA.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Construction in Progress	14,742		(14,742)	-
Total Capital Assets Not Being Depreciated	214,742	-	(14,742)	200,000
Capital Assets Being Depreciated				
Books	8,472,436	704,160	(758,980)	8,417,616
Vehicles	248,017	-	-	248,017
Computers	642,726	31,306	-	674,032
Building Improvements	384,549	54,228	-	438,777
Furniture and Equipment	378,313	32,757	-	411,070
Total Capital Assets Being Depreciated	10,126,041	822,451	(758,980)	10,189,512
Less Accumulated Depreciation for:				
Books	(7,309,102)	(602,043)	758,980	(7,152,165)
Vehicles	(149,620)	(24,963)	-	(174,583)
Computers	(620,968)	(30,083)	-	(651,051)
Building Improvements	(200,856)	(17,640)	-	(218,496)
Furniture and Equipment	(338,117)	(29,082)	-	(367,199)
Total Accumulated Depreciation	(8,618,663)	(703,811)	758,980	(8,563,494)
Total Capital Assets Being Depreciated - Net	1,507,378	118,640	-	1,626,018
Capital Assets - Net	\$ 1,722,120	\$ 118,640	\$ (14,742)	\$ 1,826,018

Note 5. Ad Valorem Taxes

Intergovernmental ad valorem taxes for the operations of the Library are levied each November on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-evaluation of all property is required to be completed no less than every four years. The last re-evaluation was completed as of November 18, 2008. Taxes are due and payable by December 31st in the year levied and become delinquent thereafter. Taxes are collected by the St. Tammany Parish Sheriff Office and remitted to the Council, who passes through the dedicated millage to the Library.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 6. State Revenue Sharing

State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption.

The Library recognized revenue from state revenue sharing of \$207,879 for the year ended December 31, 2009. Receivables for state revenue sharing for the year ended December 31, 2009, were \$220,984.

Note 7. Risk Management

The Library participates in the self-insurance fund of its primary government, the St. Tammany Parish Council, for coverage of property, contents and general liability.

The Library has established a self-insurance medical plan for its employees and their covered dependents. The plan administrator is responsible for the approval, processing and payment of claims. The administrator is also responsible for actuarially determining the needed funding of the plan. The plan provides health benefits up to a \$1,000,000 lifetime maximum per covered person. All full-time employees who are regularly scheduled to work at least twenty-eight hours per week and their eligible dependents are eligible for the plan.

The plan is accounted for in the general fund of the Library. The cost of claims is recorded as an expense when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and is recorded in the governmental activities in the Statement of Net Assets.

Claims liabilities include an amount for claims that have been incurred but not paid as of December 31, 2009. These liabilities are reported at their present value of \$5,134. Changes in the balances of claims liabilities during the years ended December 31, 2009, 2008 and 2007, respectively, were as follows:

	2009	2008	2007
Beginning of Year Liability	\$ 9,714	\$ 12,127	\$ 31,133
Claims and Changes in Estimates	315,213	235,565	337,760
Claims Payments	<u>(319,793)</u>	<u>(237,978)</u>	<u>(356,766)</u>
Balance at Fiscal Year-End	<u>\$ 5,134</u>	<u>\$ 9,714</u>	<u>\$ 12,127</u>

A stop-loss insurance contract executed with an insurance carrier covers aggregate claims in excess of \$401,232 and claims in excess of \$25,000 per single employee, per year. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 8. Pension Plan

Substantially all full-time employees of the Library are members of Plan A of the State Parochial Employees Retirement System of Louisiana (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees.

Plan Description

All permanent employees working at least 28 hours per week and who are paid wholly or in part from Library funds are eligible to participate in PERS. Employees who retire at or after age 60 with at least ten years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service, are entitled to a retirement benefit. This benefit is payable monthly for life and is equal to 3 percent of their final average salary for each year of credited service. Final average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average.

Employees who terminate with at least the amount of credited service stated previously, and who do not withdraw their employee contributions, may retire at the age specified previously and receive the benefit accrued to their date of termination. PERS also provides death and disability benefits. Benefits are established by state statute.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained in writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (225) 928-1361.

Funding Policy

Contributions to PERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. PERS' members are required to contribute 9.5% of their annual covered salary. The Library is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered salary for the year ended December 31, 2009. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior year. The Library's contribution to PERS for the years ended December 31, 2009, 2008, and 2007 were \$336,340, \$319,032, and \$305,937 respectively, which is equal to the required contribution.

Note 9. Deferred Compensation Plan

Certain employees of the Library participate in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 10. Other Post Employment Benefits

In addition to the pension benefits described in Note 8, the Library provides post employment healthcare benefits, to employees under 65 years of age who retire from the Library in accordance with criteria listed in Note 8 and, in addition, have at least five years of employment in the library system, and have participated in the health insurance plan for the three years prior to retirement. The Library will pay a proportionate share of the health insurance cost based on the years of service. Currently nine active employees meet those eligibility requirements and beginning in September 2009, one retiree is receiving benefits.

GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, became effective for the Library during fiscal year 2008. This statement addresses how state and local governments should account for and report costs and obligations related to post employment benefits. The Library qualifies to calculate their annual OPEB cost using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than one hundred total plan members. Management has evaluated this calculation and has determined the application of this statement will have no material impact to the financial statement; therefore, no liability has been recorded for the future payments of these benefits.

Benefits are offered at the discretion of the Board and the plan document is reviewed annually for necessary amendments based on budgetary projections. It is the intent of the Library to offer health care coverage for those eligible retirees as long as the Library offers a health care plan to their active employees, but no obligation to pay benefits exists.

Note 11. Operating Leases

The Library leases the Causeway Branch in Mandeville, the Black River Branch, its new reference center, and its technical services building. These leases have been classified as operating leases and, as such, rental payments have been recorded as an operating expenditure. Total rent expense for the year ended December 31, 2009, was \$216,994. Future minimum lease payments are as follows:

2010	\$ 195,180
2011	176,280
2012	159,198
2013	153,504
2014	<u>115,128</u>
Total	<u>\$ 799,290</u>

Note 12. Compensation of Board Members

No compensation was paid to board members for the year ended December 31, 2009.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 13. Commitments

On May 1, 2008, St. Tammany Parish Council approved a resolution to issue Limited Tax Revenue Bonds not to exceed \$5,000,000. These bonds were issued on July 1, 2008 for the purpose of constructing, acquiring and improving public library facilities, furnishings and equipment, and paying the costs incurred in connection with the issuance. The bonds range from 4% - 4.25% with final principal maturing on March 1, 2025. Principal is due annually on March 1st beginning in 2009 and interest is due semi-annually on March 1st and September 1st beginning in 2009.

This debt and any acquired assets are part of the Parish and are not reflected within the accompanying financial statements of the Library. The Parish pledged the Library's dedicated millage for the repayment of these bonds and is reducing ad valorem tax revenue payments to the Library by the amount of the debt service.

Total amounts paid to the Parish during 2009 amounted to \$374,609 and is recorded as an operating services expense for intergovernmental payments as they come due. Future commitments of ad valorem tax revenues to the Parish are as follows:

2010	\$ 398,794
2011	400,394
2012	406,494
2013	407,094
2014	407,294
Thereafter	<u>4,640,978</u>
Total	<u>\$ 6,661,048</u>

Note 14. Subsequent Events

On April 8th, 2010, The St. Tammany Parish Library purchased land in Abita Springs, Louisiana in the amount of \$273,285. There are no plans at the present for development.

REQUIRED SUPPLEMENTAL INFORMATION

ST. TAMMANY LIBRARY
Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2009

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental Revenue - Ad Valorem	\$6,950,000	\$7,000,000	\$ 7,211,432	\$ 211,432
Intergovernmental Revenue - Revenue Sharing	208,920	223,050	207,879	(15,171)
Fines and Fees	125,000	135,000	160,830	25,830
Miscellaneous	2,000	4,300	38,927	34,627
Earnings on Investments	140,000	75,000	32,829	(42,171)
Grants	60,000	130,000	29,484	(100,516)
Donations	50,000	50,000	23,618	(26,382)
Total Revenues	7,535,920	7,617,350	7,704,999	87,649
Expenditures				
Personnel Services	4,170,000	4,176,000	4,117,438	58,562
Operating Services	1,929,550	2,175,050	1,890,353	284,697
Capital Outlay	1,186,000	1,144,500	1,165,445	(20,945)
Total Expenditures	7,285,550	7,495,550	7,173,236	322,314
Net Change in Fund Balance	\$ 250,370	\$ 121,800	531,763	\$ 409,963
Fund Balance, Beginning of Year			10,902,472	
Fund Balance, End of Year			\$11,434,235	

OTHER SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH LIBRARY
Schedule of General Fund Expenditures
For the Year Ended December 31, 2009

Personnel Services	
Salaries and Wages	\$ 3,215,681
Employee Benefits	901,757
Total Personnel Services	<u>\$ 4,117,438</u>
Operating Services	
Intergovernmental Expenses	\$ 378,209
Maintenance of Property and Equipment	356,667
Leases	224,381
Utilities	193,115
Communications	162,212
Insurance and Claims	159,245
Operating Supplies	111,138
Maintenance of Services (Buildings)	90,005
Public Relations/Programming	76,735
Professional Services	55,611
Travel and Continuing Education	37,867
Printing, Duplicating, and Binding	20,252
Promotional Production	19,640
Signage	2,656
Advertising, Dues, and Subscriptions	2,620
Total Operating Services	<u>\$ 1,890,353</u>
Capital Expenditures	
Capital Outlay - Library Resource Acquisitions	\$ 1,038,099
Capital Outlay - Non-Book Acquisitions	127,346
Total Capital Expenditures	<u>\$ 1,165,445</u>

ST. TAMMANY PARISH LIBRARY**Schedule of Governing Board
December 31, 2009**

<u>Board of Control</u>	<u>Term of Office</u>	<u>Compensation</u>
Barbara Morgan 63239 N. Sun Moore Road Pearl River, LA 70452	October 2, 2011	\$-0-
Dr. Argiro Morgan 103 Brandon Place Mandeville, LA 70471	October 2, 2011	\$-0-
Silvia Muller 109 Maple Ridge Way Covington, LA 70433	October 2, 2011	\$-0-
Kristen Scott 61202 W. Springmill Drive Lacombe, LA 70445	October 24, 2011	\$-0-
Rebecca Scroggins 65078 Bancks Street Pearl River, LA 70452	October 2, 2011	\$-0-
Dave Stefferud P.O. Box 325 Madisonville, LA 70447	October 2, 2011	\$-0-
Rebecca Taylor 35621 Garden Drive Slidell, LA 70460	October 2, 2011	\$-0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Control
St. Tammany Parish Library

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Library (the Library), a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Tammany Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

May 18, 2010